

REMGRO LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1968/006415/06)
ISIN: ZAE000026480
Share code: REM
("Remgro")

UNBUNDLING OF SHAREHOLDING IN RMB HOLDINGS LIMITED ("RMH"), CASH PROCEEDS IN RESPECT OF FRACTIONAL ENTITLEMENTS AND APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN TAX PURPOSES

1. Introduction

Holders of Remgro no par value ordinary shares and Remgro unlisted no par value B ordinary shares ("**Remgro Shareholders**") are referred to the detailed terms and finalisation announcements released by Remgro on the Stock Exchange News Service on 14 April 2020 and 26 May 2020 respectively, regarding the unbundling by way of a dividend *in specie* of the 397,447,747 shares in RMH (the "**Unbundled RMH Shares**") to Remgro Shareholders. Remgro Shareholders will, pursuant to the dividend *in specie*, become entitled to Unbundled RMH Shares in the ratio of 0.69939 Unbundled RMH Shares for every 1 share held in Remgro ("**Remgro Shares**") (the "**Remgro Unbundling**"). The Remgro Unbundling constitutes an unbundling transaction in terms of section 46 of the South African Income Tax Act, No. 58 of 1962 ("**Income Tax Act**").

2. Purpose of the announcement

The purpose of this announcement is to notify Remgro Shareholders of the following:

- The value to be utilised in determining the cash payment due to a Remgro Shareholder in respect of any fractional entitlements ("**Cash Proceeds**");
- The closing prices of both the Unbundled RMH Shares and Remgro Shares on Wednesday, 3 June 2020, the day the Remgro Shares begin trading "ex" the entitlement to receive the Unbundled RMH Shares; and
- The ratio in which the expenditure incurred and / or the market value (for purposes of paragraph 29 of the Eighth Schedule to the Income Tax Act) ("**Market Value**") in respect of the Remgro Shares must be apportioned between the Remgro Shares and the Unbundled RMH Shares for South African taxation purposes ("**Apportionment Ratio**").

3. Cash Proceeds of fractional entitlement

As outlined in paragraph 4 of the detailed terms announcement, in implementing the Remgro Unbundling, Remgro is required by the Listing Requirements of the JSE Limited ("**Listing Requirements**") to round down the fractional entitlements to Unbundled RMH Shares to the nearest whole number. The fractions of Unbundled RMH Shares to which Remgro Shareholders remain entitled, will not be transferred to them but will be aggregated and sold on the Remgro Shareholders' behalf in the open market as soon as practically possible after the Remgro Unbundling.

Remgro Shareholders will accordingly receive a monetary amount (i.e. the Cash Proceeds) in respect of their fractional entitlements to Unbundled RMH Shares. In accordance with the Listing Requirements, the Cash Proceeds have now been determined with reference to the volume-weighted average price ("**VWAP**") of an Unbundled RMH Share on the securities exchange operated by the JSE Limited on Wednesday, 3 June 2020 reduced by 10%.

Taking into account the VWAP of ZAR59.00264, Remgro Shareholders are advised that the calculation of the Cash Proceeds due to Shareholders in respect of any fractional entitlements will be based on a price of ZAR53.10237 (i.e. ZAR59.00264 x 0.9) per Unbundled RMH Share.

4. Apportionment Ratio tax principles

Remgro Shareholders will have a combined expenditure in respect of the Remgro Shares and the Unbundled RMH Shares received pursuant to the Remgro Unbundling.

Remgro Shares held as trading stock: Any Remgro Shareholder holding Remgro Shares as trading stock will be deemed to acquire the Unbundled RMH Shares as trading stock. The combined expenditure of such Remgro Shares and Unbundled RMH Shares will be the amount taken into account by the Remgro Shareholder in respect of those Remgro Shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act. The portion of the above combined expenditure to be allocated to the Unbundled RMH Shares will be determined by applying the ratio that the Market Value of the Unbundled RMH Shares bears to the sum of the Market Value of the Remgro Shares and the Unbundled RMH Shares at the end of the day of the Remgro Unbundling, being Wednesday, 3 June 2020. The expenditure so allocated to the Unbundled RMH Shares will reduce the expenditure relating to the retained Remgro Shares.

Remgro Shares held as capital assets: Any Remgro Shareholder holding Remgro Shares as capital assets will be deemed to acquire the Unbundled RMH Shares as capital assets. The combined expenditure of such Remgro Shares and Unbundled RMH Shares will be the original expenditure incurred in respect of the Remgro Shares, that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and where the Remgro Shares were acquired before 1 October 2001, the expenditure and/or Market Value, as the case may be, adopted or determined as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act. The portion of the above combined expenditure and/or Market Value, as the case may be, to be allocated to the Unbundled RMH Shares will be determined by applying the ratio that the Market Value of the Unbundled RMH Shares bear to the sum of the Market Value of the Remgro Shares and the Unbundled RMH Shares at the end of the day of the Remgro Unbundling, being Wednesday, 3 June 2020. The expenditure and/or Market Value, as the case may be, so allocated to the Unbundled RMH Shares will reduce the expenditure and/or Market Value, as the case may be, of the retained Remgro Shares.

Remgro Shareholders are advised to consult their own professional tax advisors should they have any queries regarding the taxation consequences of the Remgro Unbundling and the calculation of their costs for taxation purposes.

5. Apportionment Ratio calculation

Shareholders are further referred to paragraph 9 of the detailed terms announcement, which require Remgro to advise Remgro Shareholders of the Apportionment Ratio.

Shareholders are hereby advised that the Apportionment Ratio is based on the closing price of ZAR110.80 per Remgro Share and ZAR59.94 per Unbundled RMH Share on Wednesday, 3 June 2020. The Apportionment Ratio applicable to the Unbundled RMH Shares has therefore been calculated as follows:

$$\text{Apportionment Ratio} = (A / (A + B))$$

Where –

A = the closing price of an Unbundled RMH Share x the unbundling ratio, i.e. ZAR41.92 (being ZAR59.94 X 0.69939);

B = the closing price of a Remgro Share, i.e. ZAR110.80

$$= (ZAR 41.92 / (ZAR41.92 + ZAR110.80))$$

$$= 27.44961\%$$

Shareholders are hereby advised that the expenditure incurred and/or Market Value, as the case may be, in respect of Remgro shares must therefore be apportioned in the ratio of 27.44961% to an Unbundled RMH Share and 72.55039% to a Remgro Share.

Stellenbosch

4 June 2020

Financial adviser and Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Legal adviser

DLA Piper Advisory Services Proprietary Limited